our suggestion that she should take over from us the whole responsibility for financing the foreign purchases of our Continental Allies. She would only lend money to finance their expenditure in the States, and we had to continue to find credits for their other external purchases, including those from Britain. Much of what we ourselves supplied them we had to replace by fresh purchases in the States, so that the strain on us continued to be very severe, and consequently the credits we were forced to ask for from America were on a large scale.

Limits on her offer

Prior to America's entry, we had arranged our financial matters in the States, including the raising of loans on the American market, through the firm of J. P. Morgan & Co. When American Government became the new source of credits, the problem arose of arranging our transactions through this new agency, which was inexperienced in its task. After much discussion, the Government of the States decided to set up a special Commission at Washington, through which all purchases made in the States by ourselves and by the other Allies should proceed.

Help rendered by Morgan & Co.

Special Allied Purchasing Commission

An agreement to this effect was signed by the Secretary of the Treasury, and representatives of Great Britain, France and Russia, on 24th August, 1917. The arrangement greatly eased the situation. Prior to finding this solution the American Treasury had been irritable

with anxiety about the complexities of their new, unwonted and unaccustomed responsibilities.

Lord Reading reached America in mid-September, and his arrival made a further marked improvement in the Anglo-American financial relations,